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**Resources Rich Capital Limited**  
*(Incorporated in the British Virgin Islands with limited liability)*

Financial adviser to  
Resources Rich Capital Limited



**NOBLE JEWELRY HOLDINGS LIMITED**  
德 鑽 珠 寶 控 股 有 限 公 司  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 00475)

Financial adviser to  
Noble Jewelry Holdings Limited



CIMB Securities (HK) Limited

**First Prospect Holdings Limited**  
*(Incorporated in the British Virgin Islands with limited liability)*

Financial adviser to  
First Prospect Holdings Limited



Joint independent financial advisers to the  
independent board committee and the  
independent shareholders of Noble Jewelry Holdings Limited



- (1) TRANSFER OF SHARES IN NOBLE JEWELRY HOLDINGS LIMITED TO RESOURCES RICH CAPITAL LIMITED**
  - (2) GROUP REORGANISATION OF NOBLE JEWELRY HOLDINGS LIMITED**
  - (3) SHARE PREMIUM AND RESERVE APPLICATION**
  - (4) DISTRIBUTION IN SPECIE OF THE PRIVATECO SHARES**
  - (5) SPECIAL DEALS/EXEMPT CONTINUING CONNECTED TRANSACTIONS**
  - (6) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS FOR THE SHARES IN AND TO CANCEL THE SHARE OPTIONS OF NOBLE JEWELRY HOLDINGS LIMITED BY OPTIMA CAPITAL LIMITED ON BEHALF OF RESOURCES RICH CAPITAL LIMITED**
  - (7) POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER FOR THE PRIVATECO SHARES BY INVESTEC CAPITAL ASIA LIMITED ON BEHALF OF FIRST PROSPECT HOLDINGS LIMITED**
  - (8) APPOINTMENT OF JOINT INDEPENDENT FINANCIAL ADVISERS**
- AND**
- (9) RESUMPTION OF TRADING IN THE SHARES OF NOBLE JEWELRY HOLDINGS LIMITED**

## **SHARE SALE AGREEMENT**

On 7 September 2011, the Vendors, Resources Rich and Mr. Chan entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and Resources Rich has conditionally agreed to purchase the Sale Shares, being the aggregate interest of 197,142,000 Shares held by the Vendors, representing approximately 72.56% of the entire issued share capital of the Company as at the date of the Share Sale Agreement, at an aggregate consideration of HK\$242,484,660, representing HK\$1.23 per Sale Share. The Share Sale Agreement is conditional upon, among other things, the completion of the Group Reorganisation. Please refer to the sub-section headed “Conditions precedent” under the section headed “Share Sale Agreement” in this joint announcement for further details of the conditions of the Share Sale Agreement.

## **GROUP REORGANISATION**

Pursuant to the Group Reorganisation:

- (i) the Remaining Group Entities will transfer all their equity interests in the PRC Entities to the Privateco Group and enter into agreements to assign certain trademarks which are currently held by the Remaining Group Entities to the Privateco Group;
- (ii) the Remaining Group will cease its PRC jewelry retail business by terminating its retail consignment arrangements at a jewelry shopping centre in the PRC and the franchise agreement with a PRC jewelry company and transferring its inventory for the Distributed Businesses to the Privateco Group;
- (iii) there will be internal transfer of interests in non-PRC entities in the Group as a result of which Remaining Holdco will hold the Remaining Group Entities and Privateco will hold other existing members of the Group;
- (iv) the operations of the Remaining Group and the Privateco Group will be delineated by, among others, the Remaining Group entering into employment contracts with those employees who will be transferred from the Privateco Group to the Remaining Group and a subcontracting agreement with an existing independent subcontractor;
- (v) the Remaining Group will enter into lease agreements with a company beneficially wholly owned by Mr. Yau and the Privateco Group respectively as outlined in the section headed “Special Deals/Exempt Continuing Connected Transactions” of this joint announcement;
- (vi) all the existing corporate guarantees given by the Remaining Group for the banking facilities taken out by the Privateco Group will be released and the bank facility of which Guangzhou Sinoble is the borrower will be cancelled, each conditional only upon the Share Sale Completion; and
- (vii) the outstanding intra-group balances between the Remaining Group and the Privateco Group will be settled before Share Sale Completion and completion of the Distribution In Specie.

There is no condition precedent to the completion of the Group Reorganisation.

## **SHARE PREMIUM AND RESERVE APPLICATION**

Subject to the Shareholders' approval on the Share Premium and Reserve Application having been obtained at the EGM, the Directors will be authorised to apply the entire amount standing to the credit of the share premium account of the Company from time to time for the implementation of part of the Distribution In Specie.

### **DISTRIBUTION IN SPECIE**

Upon completion of the Group Reorganisation, the Company will distribute all of its Privateco Shares in specie to the Shareholders whose names appear on the register of members of the Company on the Record Date (being a date falling before the date of Share Sale Completion, which is to be fixed for determining entitlements to the Distribution In Specie) on the following basis:

**for each Share held . . . . . one Privateco Share**

The Distribution In Specie is conditional upon, among other things, the Share Premium and Reserve Application and Share Sale Completion.

The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.

### **SPECIAL DEALS/EXEMPT CONTINUING CONNECTED TRANSACTIONS**

To rationalise the tenancy arrangements between the Privateco Group and the Remaining Group and to delineate the premises at which the businesses of the Privateco Group and the Remaining Group will be operated, (i) Guangzhou Sinoble (a member of the Remaining Group) and Italina (a company beneficially wholly owned by Mr. Yau) will enter into the Guangzhou Sinoble Lease Agreement; (ii) Guangzhou Yizuan (a member of the Privateco Group) and Italina will enter into the Guangzhou Yizuan Lease Agreement; and (iii) Guangzhou Sinoble and Guangzhou Yizuan will enter into the Dormitory Lease Agreement, respectively.

There is also subsisting a lease agreement dated 15 July 2010 between Guangzhou Sinoble and a company beneficially wholly owned by Mr. Chan in respect of leasing of certain premises with a construction area of 742 square meters situated at Shawan Town, Pan Yu, Guangzhou, the PRC by Guangzhou Sinoble for manufacturing purpose for a term from 1 August 2010 to 31 July 2012, which is expected to continue after Share Sale Completion on the existing terms. The transactions contemplated under such lease agreement had constituted and will continue to constitute continuing connected transactions of the Company which are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement will be entered into as part of the Group Reorganisation, the completion of which is among one of the pre-conditions for Share Sale Completion. Each of the Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement will constitute a special deal under the Takeovers Code and require the consent of the Executive. Such consent, if granted, will be subject to the joint independent financial advisers' opinion that the respective terms of each of the Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement are fair and reasonable and the approval by the Independent Shareholders by way of poll at the EGM.

The transactions contemplated under the Dormitory Lease Agreement will, upon the completion of the Distribution In Specie, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of Guangzhou Yizuan being an associate of Mr. Chan and thus a connected person of the Company under the Listing Rules. The Board considers that the terms of the Dormitory Lease Agreement to be on normal commercial terms, fair and reasonable and the entering into of such agreement is in the interests of the Group and the Shareholders as a whole.

As each of the applicable percentage ratios (calculated pursuant to Chapter 14A of the Listing Rules) in respect of the continuing connected transactions contemplated under the Dormitory Lease Agreement is less than 5% and the annual consideration is less than HK\$1 million, the Dormitory Lease Agreement and the transactions contemplated thereunder shall be exempt from the reporting, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS FOR THE SHARES AND TO CANCEL THE SHARE OPTIONS**

Subject to Share Sale Completion, Optima Capital will, on behalf of Resources Rich and pursuant to the Takeovers Code, make the Listco Offers to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) and to cancel the outstanding Share Options on the following basis:

**for each Share held . . . . . HK\$1.23 in cash**

**for cancellation of Share Option carrying right to  
subscribe for one Option Share . . . . . HK\$0.01 in cash**

The principal terms of the Listco Offers are set out under the section headed "Possible unconditional mandatory cash offers for the Shares and to cancel the Share Options" below. Optima Capital is satisfied that there are sufficient financial resources available to Resources Rich to satisfy the amount of funds required for the acquisition of the Sale Shares and full acceptance of the Listco Offers.

## **POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER FOR THE PRIVATECO SHARES**

Upon completion of the Distribution In Specie, Investec will, on behalf of First Prospect and pursuant to the Takeovers Code, make the Privateco Offer to the Privateco Shareholders to acquire all the Privateco Shares (other than those to be owned or agreed to be acquired by First Prospect and parties acting in concert with it) on the following basis:

**for each Privateco Share held\* . . . . . HK\$0.50 in cash**

\* *The number of the Privateco Shares to be in issue will be equal to the total number of the Shares in issue on the Record Date.*

The principal terms of the Privateco Offer are set out under the section headed “Possible unconditional voluntary cash offer for the Privateco Shares” below. Investec, the financial adviser to First Prospect, is satisfied that sufficient financial resources are available to First Prospect to satisfy full acceptance of the Privateco Offer.

**WARNING: AS THE LISTCO OFFERS AND THE PRIVATECO OFFER WILL ONLY BE MADE AFTER SHARE SALE COMPLETION AND COMPLETION OF THE DISTRIBUTION IN SPECIE, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS SUMMARISED BELOW, EACH OF THE LISTCO OFFERS AND THE PRIVATECO OFFER MAY OR MAY NOT PROCEED AND ARE THEREFORE POSSIBILITIES ONLY. INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.**

### **EGM**

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals and the respective transactions contemplated thereunder by the Independent Shareholders, by way of poll at the EGM. First Prospect, Barton, Ms. Chiu, Mr. Yau, Resources Rich, their respective associates and parties acting in concert will abstain from voting on the relevant resolution(s) at the EGM.

### **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 September 2011 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 9 September 2011.

## **A. SHARE SALE AGREEMENT**

### **Date**

7 September 2011

### **Parties**

- (i) First Prospect (as vendor), a company incorporated in the BVI and wholly owned by Mr. Chan who is an executive Director and the controlling Shareholder;
- (ii) Barton (as vendor), a company incorporated in the BVI and wholly owned by Mr. Yau;
- (iii) Ms. Chiu (as vendor), the spouse of Mr. Chan;
- (iv) Mr. Yau (as vendor and also the guarantor to Barton);
- (v) Mr. Chan (as the guarantor to First Prospect and Ms. Chiu); and
- (vi) Resources Rich (as purchaser).

Mr. Chan, through First Prospect, is the controlling Shareholder, who together with Ms. Chiu hold an aggregate of 172,902,000 Shares as at the date of this joint announcement, representing approximately 63.64% of the existing entire issued share capital of the Company.

As at the date of this joint announcement, Mr. Yau together with Barton beneficially hold 24,240,000 Shares, representing approximately 8.92% of the existing entire issued share capital of the Company. Save for the aforesaid, Mr. Yau is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of Resources Rich, its ultimate beneficial owners and parties acting in concert with it is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **Subject matter**

The Vendors have conditionally agreed to sell and Resources Rich has conditionally agreed to purchase the Sale Shares, being 197,142,000 Shares, representing approximately 72.56% of the entire issued share capital of the Company as at the date of the Share Sale Agreement, at an aggregate consideration of HK\$242,484,660, representing HK\$1.23 per Sale Share.

### **Consideration**

The aggregate consideration for the Sale Shares is HK\$242,484,660, representing HK\$1.23 per Sale Share, which was determined after arm's length negotiations between the Vendors and Resources Rich taking into account the growth potential of the Remaining Group and the fact that Resources Rich can obtain a controlling interest in the Company.

The consideration with an amount of HK\$212,667,000 payable by Resources Rich to First Prospect shall be satisfied as follows:

- (a) as to HK\$50,000,000 payable by Resources Rich within three Business Days after the signing of the Share Sale Agreement and simultaneously with the execution of the Share Charge by First Prospect as refundable deposit (the “Refundable Deposit”) and part payment of the consideration to First Prospect; and
- (b) the balance of the consideration of HK\$162,667,000 payable by Resources Rich upon Share Sale Completion.

The consideration with an amount of HK\$2,460, HK\$19,411,860 and HK\$10,403,340 payable by Resources Rich to Ms. Chiu, Mr. Yau and Barton respectively shall be made by Resources Rich upon Share Sale Completion.

As at the date of this joint announcement, the Refundable Deposit has been paid and the Share Charge has been executed.

The refund of the Refundable Deposit by First Prospect to Resources Rich is secured by the Share Charge. Pursuant to the Share Charge, charges in favour of Resources Rich have been created over the 172,900,000 Shares owned by First Prospect. First Prospect may exercise any voting rights and other rights and powers attaching to the 172,900,000 charged Shares as it thinks fit until the Share Charge becomes enforceable. The Share Charge shall be a continuing security and shall remain in full force and effect until discharge of it simultaneously upon (i) the refund of the Refundable Deposit in accordance with the terms and conditions of the Share Sale Agreement or within five Business Days from receipt by First Prospect of a written demand given by Resources Rich requesting for the refund of the Refundable Deposit; or (ii) upon Share Sale Completion.

### **Specific warranties**

First Prospect represents and warrants to Resources Rich that:

- (a) the liabilities (whether actual or contingent) of the Remaining Group as shown in the Report shall not exceed HK\$2 million (the “Warranted Liabilities”);
- (b) the inventory of the Remaining Group as shown in the Report shall be no less than HK\$20 million (the “Warranted Inventory”); and
- (c) the cash at bank and cash on hand of the Remaining Group as shown in the Report shall not be less than HK\$10 million (the “Warranted Cash”).

First Prospect shall pay to Resources Rich an amount in cash equivalent to any excess (in terms of the Warranted Liabilities) or shortfall (in terms of the Warranted Inventory and the Warranted Cash) as shown in the Report upon written demand from Resources Rich by giving at least three Business Days’ written notice to First Prospect and in such manner as Resources Rich may agree in writing.

For the avoidance of doubt, there shall be no upward adjustment to the consideration and no payment shall be required to be made by Resources Rich to First Prospect under the specific warranties as described above. The offer price of the Listco Share Offer represents the maximum price of HK\$1.23 per Sale Share payable by Resources Rich for the acquisition of the Sale Shares under the Share Sale Agreement.

### **Conditions precedent**

Share Sale Completion shall be subject to the following conditions precedent being fulfilled (or, where applicable, waived):

- (a) the Shares remaining listed and traded on the main board of the Stock Exchange, and no notification being received from the Stock Exchange or the SFC prior to Share Sale Completion that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended for more than seven consecutive Business Days (excluding any suspension for the purposes of obtaining clearance from the SFC or Stock Exchange for this joint announcement provided the suspension for the aforesaid clearance shall not in any event exceed one month from the first day of suspension);
- (b) the Shareholders (other than those who are required to abstain from voting pursuant to the Listing Rules and the Takeovers Code) passing at the EGM resolutions approving, among other things, the Distribution In Specie and the transactions contemplated thereunder and the Share Premium and Reserve Application;
- (c) the Shareholders (other than those who are required to abstain from voting pursuant to the Listing Rules and the Takeovers Code) passing at the EGM resolutions approving any special deal arising or as a result of the Distribution In Specie and consent from the Executive in relation thereto;
- (d) completion of the Group Reorganisation with the Vendors having provided evidence to Resources Rich to its reasonable satisfaction within 10 Business Days after the date of the EGM (or such other date as may be agreed by the Vendors and Resources Rich in writing) (the “Reorganisation Period”) and the making of such enquiries, investigations and reviews of the business, affairs, operations and financial position of the Group by Resources Rich and any of its officers, employees, agents, professional advisers or other persons authorised by Resources Rich which Resources Rich in its reasonable discretion deems necessary, desirable or appropriate in respect of completion of the Group Reorganisation within 10 Business Days after the expiry of the Reorganisation Period (the “Review Period”), and this condition precedent shall be deemed to have been fulfilled and waived if Resources Rich have not indicated to the Vendors in writing within the Review Period that this condition precedent has not been fulfilled;
- (e) Resources Rich having received a legal opinion issued by a firm of legal advisers authorised to practise PRC laws addressed to the Company and Resources Rich in such form and substance to the satisfaction of Resources Rich covering matters including, among other things, (i) the valid establishment, legal subsistence of Guangzhou Sinoble and that Guangzhou Sinoble is not under liquidation; (ii) Guangzhou Sinoble having obtained all necessary licences, approvals and permits for engaging in its business; (iii) the legality, validity and enforceability of the licences, approvals and permits obtained by Guangzhou Sinoble for engaging in its business;

- (iv) the legality, validity and completeness of the Group Reorganisation; and (v) any other matters as required by Resources Rich, in each case relating to the PRC laws only;
- (f) all necessary approvals and consents (including the Bermuda Monetary Authority's approval relating to the Distribution In Specie) in respect of the Share Sale Agreement and the transactions contemplated thereunder required by any member of the Group and the Vendors being obtained;
- (g) no indication from the SFC having received by Resources Rich that the offer price under the Listco Share Offer would exceed HK\$1.23;
- (h) the warranties given by the Vendors and Mr. Chan remaining true and accurate in all material respects and not misleading in any material respect as at the date of Share Sale Completion by reference to the facts and circumstances subsisting as at the date of Share Sale Completion; and
- (i) the Share Charge having been duly executed by First Prospect.

Resources Rich shall be entitled to waive the conditions precedent set out above (except the conditions (b), (c) and (f) which are incapable of being waived) above by serving a notice in writing to the Vendors. If the conditions precedent set out above have not been fulfilled (or waived by Resources Rich in whole or in part) on or before 5:00 p.m. on the Long Stop Date, the Share Sale Agreement (except surviving terms) shall cease and determine and the parties shall not have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof. As at the date of this joint announcement, condition (i) has been fulfilled.

### **Completion**

Share Sale Completion is to take place on (i) the fifth Business Day after the conditions referred to above (other than the conditions (a), (g) and (h) which shall remain fulfilled up to Share Sale Completion) have been fulfilled or waived by Resources Rich (as the case may be) on or before the Long Stop Date; or (ii) such other day as the Vendors and Resources Rich may agree in writing.

### **Non-Competition**

First Prospect, Mr. Chan and Ms. Chiu are permitted to carry on the business of retail of jewelry products in the PRC via and as conducted by the Privateco Group until 31 December 2011 after which the Privateco Group shall cease to carry on such business in the PRC. Subject to the aforesaid, each of First Prospect, Mr. Chan and Ms. Chiu has undertaken not to engage or be engaged in any business in the PRC which is in competition with or similar to the retail or the manufacturing and wholesale of jewelry products in the PRC (but excluding any manufacturing of jewelry products in the PRC for the purpose of wholesale or retail outside the PRC).

## **B. GROUP REORGANISATION**

Pursuant to the Group Reorganisation:

- (i) the Remaining Group Entities will transfer all their equity interests in the PRC Entities to the Privateco Group and enter into agreements to assign certain trademarks which are currently held by the Remaining Group Entities to the Privateco Group;
- (ii) the Remaining Group will cease its PRC jewelry retail business by terminating its retail consignment arrangements at a jewelry shopping centre in the PRC and the franchise agreement with a PRC jewelry company and transferring its inventory for the Distributed Businesses to the Privateco Group;
- (iii) there will be internal transfer of interests in non-PRC entities in the Group as a result of which Remaining Holdco will hold the Remaining Group Entities and Privateco will hold other existing members of the Group;
- (iv) the operations of the Remaining Group and the Privateco Group will be delineated by, among others, the Remaining Group entering into employment contracts with those employees who will be transferred from the Privateco Group to the Remaining Group and a subcontracting agreement with an existing independent subcontractor;
- (v) the Remaining Group will enter into lease agreements with a company beneficially wholly owned by Mr. Yau and the Privateco Group respectively as outlined in the section headed “Special Deals/Exempt Continuing Connected Transactions” of this joint announcement;
- (vi) all the existing corporate guarantees given by the Remaining Group for the banking facilities taken out by the Privateco Group will be released and the banking facility of which Guangzhou Sinoble is the borrower will be cancelled, each conditional only upon the Share Sale Completion; and
- (vii) the outstanding intra-group balances between the Remaining Group and the Privateco Group will be settled before Share Sale Completion and completion of the Distribution In Specie.

There is no condition precedent to the completion of the Group Reorganisation.

## **C. SHARE PREMIUM AND RESERVE APPLICATION**

Subject to the Shareholders’ approval on the Share Premium and Reserve Application having been obtained at the EGM, the Directors will be authorised to apply the entire amount standing to the credit of the share premium account of the Company from time to time, which amounted to approximately HK\$79.8 million as at 31 March 2011, for the implementation of part of the Distribution In Specie.

#### **D. DISTRIBUTION IN SPECIE**

Upon the completion of the Group Reorganisation, the Company will distribute all of its Privateco Shares in specie to the Shareholders whose names appear on the register of members of the Company on the Record Date (being a date falling before the date of Share Sale Completion, which is to be fixed for determining entitlements to the Distribution In Specie) on the following basis:

**for every Share held . . . . . one Privateco Share**

The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.

The Distribution In Specie will be effected by distribution from the entire amount standing to the credit of the share premium account and the reserve account of the Company and the amount to be distributed will be equivalent to the carrying amount of the Privateco Group which will be ascertained immediately prior to Share Sale Completion.

The Privateco Shares when issued will rank *pari passu* in all respects with each other. No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange.

As a result of the Distribution In Specie, Privateco and its subsidiaries will cease to be subsidiaries of the Company, and the Remaining Group will carry on the Remaining Businesses, being design, manufacturing and wholesale of jewelry products in the PRC.

Under the Share Sale Agreement, each of First Prospect, Mr. Chan and Ms. Chiu undertakes to procure the Company to complete the Distribution In Specie immediately after Share Sale Completion and further undertakes to procure that immediately upon the completion of the Distribution In Specie, First Prospect (or its financial advisers) will make the Privateco Offer to the Privateco Shareholders in accordance with the Takeovers Code. The Listco Offers will be made after Share Sale Completion while the Privateco Offer will be made after the completion of the Distribution In Specie. Arrangements will be made such that the Distribution In Specie will follow immediately after Share Sale Completion to the extent practicable, in which case the Listco Offers and the Privateco Offer will be expected to commence on the same day.

#### **Conditions to the Distribution In Specie**

The Distribution In Specie is conditional upon:

- (a) completion of the Group Reorganisation;
- (b) the passing of ordinary resolutions at the EGM to approve the Distribution In Specie and the Share Premium and Reserve Application;
- (c) the obtaining of approval from Bermuda Monetary Authority in respect of the transfer of the Privateco Shares to the Shareholders pursuant to the Distribution In Specie; and
- (d) Share Sale Completion.

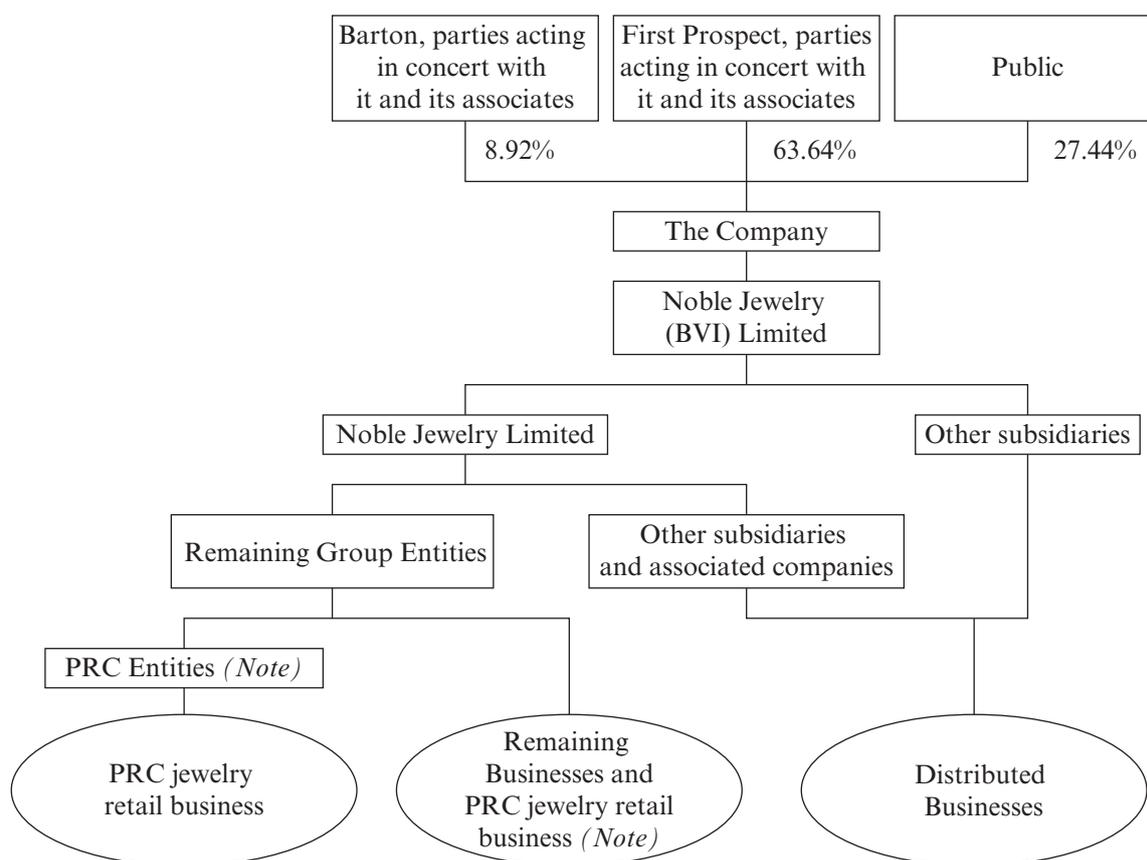
None of the above conditions can be waived.

The Vendors, Resources Rich and their respective associates and parties acting in concert will abstain from voting on the relevant resolution regarding the Distribution In Specie and the Share Premium and Reserve Application, which will be taken by poll at the EGM.

Completion of the Distribution In Specie will not take place unless all the above conditions precedent of the Distribution In Specie have been fulfilled. Subject to Share Sale Completion and completion of the Distribution In Specie, First Prospect will make the Privateco Offer.

### Group structure before and after the Group Reorganisation

The chart below shows in summary the group structure of the Company as at the date of this joint announcement and immediately before the implementation of the Group Reorganisation (assuming no other changes in the shareholding structure of the Group since the date of this joint announcement):



*Note:* The Group currently carries out the PRC jewelry retail business through the PRC Entities and Guangzhou Sinoble (which is one of the Remaining Group Entities). Pursuant to the Group Reorganisation, the Remaining Group will cease the PRC jewelry retail business by transferring its equity interest in the PRC Entities to the Privateco Group and terminating Guangzhou Sinoble's retail consignment arrangements and franchise agreement in relation to the PRC jewelry retail business.



The Listco Offers and the Privateco Offer will provide a cash exit to any Shareholder who wishes to realize all or part of his/her/its interests in the Company and in Privateco following Share Sale Completion at a premium of approximately 50.43% over the closing price of the Shares of HK\$1.15 as quoted on the Stock Exchange on the Last Trading Day. As such, the Board considers that it is in the interests of the Independent Shareholders to provide them with an opportunity to consider and, if thought fit, approve the resolution for the Distribution In Specie at the EGM.

### **Information on the Distributed Businesses and the Remaining Businesses**

The Group is principally engaged in the design, manufacturing and trading of fine jewelry products. Its principal customers are located in the US, Europe, Middle East, Asia-Pacific region and the PRC. The Group is also engaged in retail of fine jewelry in the US, Spain and the PRC.

The Distributed Businesses to be operated by the Privateco Group will consist principally of the design, manufacturing and wholesale of fine jewelry products in various countries other than the PRC and retail of fine jewelry in the US and Spain. Pursuant to the Group Reorganisation, the PRC Entities will be transferred to the Privateco Group and it will continue to operate jewelry retail business in the PRC until it is completely wound down by the end of 2011.

The Remaining Group will mainly comprise the Company's 100% interest in Remaining Holdco and the Remaining Group Entities, which will be principally engaged in the design, manufacturing and wholesale of fine jewelry products in the PRC.

### **E. SPECIAL DEALS/EXEMPT CONTINUING CONNECTED TRANSACTIONS**

To rationalise the tenancy arrangements between the Privateco Group and the Remaining Group and to delineate the premises at which the businesses of the Privateco Group and the Remaining Group will be operated, (i) Guangzhou Sinoble (a member of the Remaining Group) and Italina (a company beneficially wholly owned by Mr. Yau) will enter into the Guangzhou Sinoble Lease Agreement; (ii) Guangzhou Yizuan (a member of the Privateco Group) and Italina will enter into the Guangzhou Yizuan Lease Agreement; and (iii) Guangzhou Sinoble and Guangzhou Yizuan will enter into the Dormitory Lease Agreement, respectively.

There is also subsisting a lease agreement dated 15 July 2010 between Guangzhou Sinoble and a company beneficially wholly owned by Mr. Chan in respect of certain premises with a construction area of 742 square meters situated in Shawan Town, Pan Yu, Guangzhou, the PRC for manufacturing purpose for a term from 1 August 2010 to 31 July 2012, which is expected to continue after Share Sale Completion on the existing terms. The transactions contemplated under such lease agreement had constituted and will continue to constitute continuing connected transactions which are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Set out below are the key terms of each of the Guangzhou Sinoble Lease Agreement, the Guangzhou Yizuan Lease Agreement and the Dormitory Lease Agreement:

**(1) Guangzhou Sinoble Lease Agreement**

Lessor:	Italina, a company beneficially wholly owned by Mr. Yau
Lessee:	Guangzhou Sinoble, a wholly-owned subsidiary of the Remaining Group
Property:	certain premises with a construction area of 370 square meters situated at Shawan Town, Pan Yu, Guangzhou, the PRC for manufacturing purpose
Term:	From 1 September 2011 to 30 April 2021 (both days inclusive)
Rent:	RMB15 per square meter per month for the first 20-month lease term which will be increased by RMB1 per square meter every two years thereafter  The rent was determined after arm's length negotiation and with reference to the prevailing market rent.
Deposits:	RMB16,650
Management fee:	RMB1.32 per square meter per month

**(2) Guangzhou Yizuan Lease Agreement**

Lessor:	Italina, a company beneficially wholly owned by Mr. Yau
Lessee:	Guangzhou Yizuan, a wholly-owned subsidiary of the Privateco Group
Property:	certain premises with a construction area of 8,066.2 square meters situated at Shawan Town, Pan Yu, Guangzhou, the PRC for manufacturing purpose
Term:	From 1 September 2011 to 30 April 2021 (both days inclusive)
Rent:	RMB15 per square meter per month for the first 20-month lease term, which will be increased by RMB1 every two years thereafter  The rent was determined after arm's length negotiation and with reference to the prevailing market rent.
Deposits:	RMB362,979
Management fee:	RMB1.32 per square meter per month

The Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement will be entered into as part of the Group Reorganisation, the completion of which is among one of the pre-conditions for Share Sale

Completion. Each of the Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement will constitute a special deal under the Takeovers Code and require the consent of the Executive. Such consent, if granted, will be subject to the joint independent financial advisers' opinion that the respective terms of each of the Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement are fair and reasonable and the approval by the Independent Shareholders by way of poll at the EGM.

### **(3) Dormitory Lease Agreement**

Lessor:	Guangzhou Sinoble, a member of the Remaining Group
Lessee:	Guangzhou Yizuan, a member of the Privateco Group
Property:	staff dormitory situated at Shawan Town, Pan Yu, Guangzhou, the PRC
Term:	12 months from 1 September 2011 to 31 August 2012
Rent:	RMB18,000 per month, which was determined after arm's length negotiation and with reference to the prevailing market rent

The transactions contemplated under the Dormitory Lease Agreement will, upon completion of the Distribution In Specie, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of Guangzhou Yizuan being an associate of Mr. Chan and thus a connected person of the Company under the Listing Rules. The Board considers that the terms of the Dormitory Lease Agreement to be on normal commercial terms, fair and reasonable and the entering into of such agreement is in the interests of the Group and the Shareholders as a whole.

Given Mr. Chan's material interest in the Dormitory Lease Agreement, Mr. Chan abstained from voting at the board meeting approving the Dormitory Lease Agreement.

As each of the applicable percentage ratios (calculated pursuant to Chapter 14A of the Listing Rules) in respect of the continuing connected transactions contemplated under the Dormitory Lease Agreement is less than 5% and the annual consideration is less than HK\$1 million, the Dormitory Lease Agreement and the transactions contemplated thereunder shall be exempt from the reporting, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **F. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS FOR THE SHARES AND TO CANCEL THE SHARE OPTIONS**

### **Terms of the Listco Offers**

Upon Share Sale Completion, Resources Rich will hold 197,142,000 Shares, representing approximately 72.56% of the issued share capital of the Company. Subject to Share Sale Completion, Optima Capital will, on behalf of Resources Rich and pursuant to the Takeovers Code, make the Listco Offers, which are unconditional mandatory cash offers

to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) and to cancel the outstanding Share Options on the following basis:

**for each Share held . . . . . HK\$1.23 in cash**

**for cancellation of Share Option carrying right**

**to subscribe for one Option Share . . . . . HK\$0.01 in cash**

**The making of the Listco Offers is subject to Share Share Completion which in turn is subject to a number of conditions precedent as referred to in the paragraph headed “Conditions precedent” in the section headed “A. Share Sale Agreement” above and therefore is a possibility only and it may or may not proceed.**

In the event that the Listco Offers are made, they will be unconditional cash offers.

As at the date of this joint announcement, there are 271,700,000 Shares in issue and outstanding Share Options conferring the rights to the holders of the Share Options to subscribe for an aggregate of 2,110,000 Option Shares at HK\$1.27 per Option Share. As the exercise price of the Share Options is higher than the offer price of the Listco Share Offer, the cash payment under the Listco Option Offer for the cancellation of the outstanding Share Options will be a nominal amount of HK\$0.01 for Share Option carrying right to subscribe for one Option Share. As at the date of this joint announcement, save for the outstanding Share Options to subscribe for 2,110,000 Option Shares under the share option scheme of the Company approved and adopted on 26 February 2007, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

As at the date of this joint announcement, Mr. Chan is holding Share Options conferring the right to subscribe for 200,000 Option Shares and has irrevocably and unconditionally undertaken to Resources Rich under the Share Sale Agreement that he will (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Offers; and (ii) not accept the Listco Option Offer. Save for the aforesaid, Resources Rich has not received any indication or irrevocable commitment from any Shareholder or holders of the Share Options that he/she/it will accept or reject the Listco Offers as at the date of this joint announcement.

**Total consideration for the Listco Offers**

On the basis of the Listco Share Offer price of HK\$1.23 per Share and 271,700,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at HK\$334,191,000. Excluding 197,142,000 Shares to be held by Resources Rich and its parties acting in concert upon Share Sale Completion and assuming all outstanding Share Options will not be exercised, 74,558,000 Shares (at the Listco Share Offer price of HK\$1.23 per Share) and all outstanding Share Options (excluding the Share Options held by Mr. Chan to subscribe for 200,000 Option Shares, in respect of which Mr. Chan has irrevocably undertaken not to exercise the subscription rights attached thereto prior to the close of the Listco Share Offer and not to accept the Listco Option Offer) (at the Listco Option Offer price of HK\$0.01 for cancellation of

Share Option carrying right to subscribe for one Option Share) will be subject to the Listco Offers and the Listco Offers are valued at an aggregate amount of approximately HK\$91,725,440.

In the event that all outstanding Share Options (excluding the Share Options held by Mr. Chan to subscribe for 200,000 Option Shares, in respect of which Mr. Chan has irrevocably undertaken not to exercise the subscription rights attached thereto prior to the close of the Listco Share Offer and not to accept the Listco Option Offer) have been exercised in full, 76,468,000 Shares will be subject to the Listco Share Offer and the Listco Share Offer is valued at HK\$94,055,640 based on the Listco Share Offer price of HK\$1.23 per Share.

### **Financial resources**

The amount of the funds required for the acquisition of the Sale Shares and the full acceptance of the Listco Offers by Resources Rich will be financed by the personal resources of Mr. Hu Yangjun and Mr. Hu Yishi. Optima Capital is satisfied that there are sufficient financial resources available to Resources Rich to satisfy the amount of funds required for the acquisition of the Sale Shares and full acceptance of the Listco Offers.

### **Payments**

Payment in cash in respect of acceptance of the Listco Offers will be made as soon as possible but in any event within 10 days of the date of which the relevant documents of title are received by Resources Rich or its agent acting on its behalf to render each such acceptance complete and valid.

### **Stamp duty**

The ad valorem stamp duty payable by the accepting Shareholders in connection with the Listco Offers amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration or the then market price of the Shares (whichever is higher) will be payable by the accepting Shareholders and will be deducted by Resources Rich from the consideration payable to them on acceptance of the Listco Offers. Resources Rich will then pay the stamp duty on behalf of the accepting Shareholders.

### **Other arrangements**

Resources Rich confirms that as at the date of this announcement, save for the Share Sale Agreement and the Share Charge as disclosed in this joint announcement, none of Resources Rich, its ultimate beneficial owners, or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company as at the date of this joint announcement.

Save for the entering into of the Share Sale Agreement and the Share Charge, none of Resources Rich, its ultimate beneficial owners, or parties acting in concert with it or any of them had dealt in any shares, convertible securities, options, warrants or derivatives of the Company during the six-month period immediately preceding 1 September 2011 (being the date of commencement of the offer period for the Listco Offers) and up to the date of this joint announcement. None of Resources Rich, its ultimate beneficial owners, or parties acting in concert with any of them had entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of the Company.

Resources Rich confirms that, save for the Share Sale Agreement and the Share Charge, there are no other arrangements, whether by way of option, indemnity or otherwise, in relation to the Shares or the shares of Resources Rich and which may be material to the Listco Offers.

Resources Rich further confirms that, other than the Share Sale Agreement and the Share Charge as disclosed in this joint announcement, there are no other agreements or arrangements to which Resources Rich is a party and relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Listco Offers.

As at the date of this joint announcement, none of Resources Rich, its ultimate beneficial owners, or parties acting in concert with any of them had entered into any contracts in relation to the outstanding derivatives in respect of the securities in the Company and have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

### Effect of the Share Sale Completion on shareholding structure of the Company

Set out below is the shareholding structure of the Company as at the date of this joint announcement and immediately upon Share Sale Completion (assuming no other changes in the issued share capital and shareholding in the Company from the date of this joint announcement up to Share Sale Completion but before the commencement of the Listco Offers):

	As at the date of this joint announcement		Immediately upon Share Sale Completion but before the commencement of the Listco Offers	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
Vendors:				
— First Prospect	172,900,000	63.64	—	—
— Ms. Chiu	2,000	0.00	—	—
— Mr. Yau	15,782,000	5.81	—	—
— Barton	8,458,000	3.11	—	—
Resources Rich and parties acting in concert with it	—	—	197,142,000	72.56
Public	<u>74,558,000</u>	<u>27.44</u>	<u>74,558,000</u>	<u>27.44</u>
<b>Total</b>	<u><u>271,700,000</u></u>	<u><u>100.00</u></u>	<u><u>271,700,000</u></u>	<u><u>100.00</u></u>

### Information on Resources Rich

Resources Rich is an investment holding company incorporated in the BVI with limited liability. As at the date of this joint announcement, save for entering into the Share Sale Agreement and the Share Charge, Resources Rich did not engage in any substantial business activities. As at the date of this joint announcement, the directors of Resources Rich are Mr. Hu Yangjun and Mr. Hu Yishi, and Resources Rich is held as to 50% by Mr. Hu Yangjun and as to 50% by Mr. Hu Yishi.

Mr. Hu Yangjun, aged 37, has corporate management experience in various industries such as information technology and international trade and is currently an executive director of Neo Telemedia Limited (stock code: 8167), shares of which company are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Hu Yangjun was an executive director of Zheda Lande Scitech Limited (stock code: 8106), the issued shares of which are listed on the Stock Exchange. Mr. Hu Yangjun graduated from Anhui Normal University. Mr. Hu Yangjun is the cousin of Mr. Hu Yishi.

Mr. Hu Yishi, aged 35, has extensive experience in China affairs and business. He is a non-executive director and the chairman of Kai Yuan Holdings Limited, the issued shares of which are listed on the Stock Exchange (stock code: 1215). Mr. Hu Yishi was previously an executive director of China Pipe Group Limited (stock code: 380) and Up Energy Development Group Limited (stock code: 307, formerly known as Tidetime Sun (Group) Limited), the issued shares of both companies are listed on the Stock Exchange. Mr. Hu Yishi graduated from Shanghai International Tourism Vocational Technology School. Mr. Hu Yishi is the cousin of Mr. Hu Yangjun.

### **Intention of Resources Rich regarding the Remaining Group**

Resources Rich intends to continue the principal business of the Remaining Group (i.e. the manufacture and wholesale jewelry business in the PRC). Following Share Sale Completion, Resources Rich will conduct a review on the business operations and financial position of the Remaining Group for the purpose of formulating business plans and strategies for the future business development of the Remaining Group. Subject to the result of the review and should suitable investment or business opportunities arise, Resources Rich may consider diversifying the business of the Remaining Group with an objective to broaden its income source. However, as at the date of this joint announcement, no such investment or business opportunities have been identified nor Resources Rich has entered into any agreement, arrangements, understandings, intention or negotiation in relation to inject any assets or business into the Remaining Group. Notwithstanding the foregoing, Resources Rich has not entered into any agreement, arrangements, intention or negotiations in relation to re-deployment of the employees, disposal and/or re-deployment of the assets of the Remaining Group, or termination or scaling-down of any Remaining Group's business, other than in its ordinary course of business.

### **Proposed change of board composition of the Company**

The Board is currently made up of nine Directors, comprising six executive Directors and three independent non-executive Directors.

Resources Rich intends to nominate new Directors to the Board with effect from the earliest time permitted under the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made accordingly.

### **Maintaining the listing status of the Company**

Resources Rich intends to maintain the listing status of the Company and it will irrevocably undertake that it will be responsible for maintaining the 25% public float requirement upon the closing of the Listco Offers.

If, at the close of the Listco Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

#### G. POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER FOR THE PRIVATECO SHARES

Based on the current shareholding structure of the Company, First Prospect and parties acting in concert with it will be interested in a total of 172,902,000 Privateco Shares, representing approximately 63.64% of the issued share capital of Privateco following the Distribution In Specie. Given that the Privateco Shares will not be listed on the Stock Exchange or other stock exchange, it will be difficult, if not impossible, for holders of the Privateco Shares to liquidate their holdings in the Privateco Shares. First Prospect considers, in these circumstances, that it is appropriate to provide the Privateco Shareholders with an opportunity to realise their holdings in the Privateco Shares by making the Privateco Offer on a voluntary basis pursuant to the Takeovers Code.

After Share Sale Completion and the Distribution In Specie, Investec will, on behalf of First Prospect and pursuant to the Takeovers Code, make the Privateco Offer to the Privateco Shareholders to acquire all the Privateco Shares (other than those to be owned or agreed to be acquired by First Prospect and parties acting in concert with it) on the following basis:

**for each Privateco Share held . . . . . HK\$0.50 in cash**

*\* The number of the Privateco Shares to be in issue will be equal to the total number of the Shares in issue on the Record Date. The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.*

**As the Privateco Offer will only be made following Share Sale Completion and the completion of the Distribution In Specie, which is subject to a number of conditions precedent to the Share Sale Agreement, the making of the Privateco Offer may or may not proceed and, as such is a possibility only. In the event that the Privateco Offer is made, it will be an unconditional cash offer.**

The Privateco Offer price of HK\$0.50 per Privateco Share has been determined after taking into account factors including (i) the consolidated net asset value of the Group as at 31 March 2011, taking into consideration the effect of the Group Reorganisation, which includes the intended settlement or assignment of, among others, certain trademarks, inventory, interests and inter-group balances between the Remaining Group and the Privateco Group; (ii) the Listco Share Offer price of HK\$1.23 per Share; (iii) the prevailing market prices of Shares as further described in the section headed “Comparison of the combined offer price with market prices of the Shares and net asset value per Share” below; and (iv) the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day.

On the assumption that all outstanding Share Options (excluding the Share Options held by Mr. Chan to subscribe for 200,000 Option Shares, in respect of which Mr. Chan has irrevocably undertaken not to exercise the subscription rights attached thereto prior to the close of the Listco Share Offer and not to accept the Listco Option Offer) are exercised in full before the Record Date, 273,610,000 Privateco Shares will be in issue upon completion of the Distribution In Specie and based on the Privateco Offer price of HK\$0.50 per Privateco Share, the entire issued share capital of Privateco is valued at approximately HK\$136,805,000. Assuming Share Sale Completion has taken place, all outstanding Share Options (excluding those held by Mr. Chan) being exercised in full before the Record Date and completion of the Distribution In Specie and based on 172,902,000 Privateco Shares (representing approximately 63.19% of the share capital of Privateco expected to be in issue) to be beneficially owned by First Prospect and its parties acting in concert with it, 100,708,000 Privateco Shares (representing approximately 36.81% of the share capital of Privateco expected to be in issue) will be subject to the Privateco Offer and the Privateco Offer is valued at approximately HK\$50,354,000.

Investec, the financial adviser to First Prospect, is satisfied that sufficient financial resources are available to First Prospect to satisfy full acceptance of the Privateco Offer.

### **Compulsory acquisition right**

Subject to sufficient Privateco Shares being acquired, pursuant to sections 102 and 103 of the Companies Act, First Prospect intends to avail itself of the right to compulsorily acquire the remaining Privateco Shares not already acquired under the Privateco Offer. Under section 102 of the Companies Act, the relevant threshold will be First Prospect within four months of commencement of the Privateco Offer receiving acceptances from the Privateco Shareholders representing 90% of the Privateco Shares subject to the Privateco Offer provided that if First Prospect already holds over 10% of the Privateco Shares, the acceptances must also represent 75% in number of the Privateco Shareholders accepting the Privateco Offer. Under section 103 of the Companies Act, First Prospect can compulsorily acquire the Privateco Shares held by the remaining Privateco Shareholders once it holds 95% of all issued Privateco Shares. In addition to the aforesaid requirement, Rule 2.11 of the Takeovers Code requires that acceptances of the Privateco Offer during the period of 4 months after posting of the Privateco Offer document total 90% of the disinterested Privateco Shares. Further announcements will be made about the exercise of such right of compulsory acquisition.

The Privateco Shares subject to the Privateco Offer will be acquired by First Prospect with the right to receive all dividends and distributions declared, paid or made on or after the date of the issue of the Privateco Shares and free from all third party rights.

As at the date of this joint announcement, Privateco has not been incorporated and the board of directors of the Privateco has not been established. Privateco will be incorporated in Bermuda with limited liability pursuant to the Group Reorganisation for the purpose of holding the Distributed Businesses and as a wholly-owned subsidiary of the Company prior to the Distribution In Specie. Further announcement(s) will be made as and when appropriate to comply with Rule 3.5 (c), (d), (f), (g) and (h) of the Takeovers Code.

Given that Privateco will be a company incorporated in Bermuda where its register of members is located and maintained, no Hong Kong stamp duty will be payable on any transfer of the Privateco Shares.

For those Privateco Shareholders who wish to retain their investments in the Distributed Businesses after Share Sale Completion, they can choose not to accept the Privateco Offer and continue to hold the Privateco Shares. **They should, however, be aware that there will be no liquid market for the Privateco Shares as there is no intention to list the Privateco Shares on any stock exchange.**

### **Background of First Prospect and its intention regarding the Privateco**

First Prospect is the existing controlling Shareholder and together with its associates and parties acting in concert with it holds a total of 172,902,000 Shares as at the date of this joint announcement. First Prospect is an investment holding company incorporated in the BVI with limited liability and save for its interests in the Company, it has not carried out any operations or has no other major assets as at the date of this joint announcement.

It is the intention of First Prospect that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses. It is also the intention of First Prospect that the Privateco Group will not hold any assets other than those relating to the Distributed Businesses, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the Privateco Shareholders has been obtained.

None of the independent non-executive directors of the Company will be appointed as a director of the Privateco. Following the despatch of the Privateco Offer Document, the composition of the board of directors of the Privateco may change. Further announcement(s) will be made in this regard as and when appropriate.

### **H. COMPARISON OF THE COMBINED OFFER PRICE WITH MARKET PRICES OF THE SHARES AND NET ASSET VALUE PER SHARE**

The combined consideration under the Listco Share Offer and the Privateco Offer is equivalent to HK\$1.73 per Share, which represents:

- a premium of approximately 50.43% over the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- premiums of approximately 60.19%, 63.21%, 61.68% and 61.68% over the average of the closing prices of approximately HK\$1.08, HK\$1.06, HK\$1.07 and HK\$1.07 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 71.29% over the audited consolidated net asset value of the Company of approximately HK\$1.01 per Share as at 31 March 2011 based on the annual report of the Company for the year ended 31 March 2011.

For illustration only, the Listco Share Offer price of HK\$1.23 per Share represents:

- a premium of approximately 6.96% over the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- premiums of approximately 13.89%, 16.04%, 14.95% and 14.95% over the average of the closing prices of approximately HK\$1.08, HK\$1.06, HK\$1.07 and HK\$1.07 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and

- a premium of approximately 21.78% over the audited consolidated net asset value of the Company of approximately HK\$1.01 per Share as at 31 March 2011 based on the annual report of the Company for the year ended 31 March 2011.

## I. FINANCIAL INFORMATION OF THE GROUP

Set out below is the turnover, profit before income tax and profit attributable to owners of the Company for each of the two years ended 31 March 2011 as extracted from the annual report of the Company for the financial year ended 31 March 2011:

	<b>For the year ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Turnover	643,399	521,328
Profit before income tax	10,178	7,921
Profit attributable to owners of the Company	7,613	3,140

The audited equity attributable to owners of the Company as at 31 March 2011 was approximately HK\$275.3 million, representing approximately HK\$1.01 per Share based on 271,700,000 Shares in issue.

Further financial information on the Remaining Group and the Privateco Group will be set out in the Circular to be despatched to the Shareholders.

## J. GENERAL

### EGM

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals and the respective transactions contemplated thereunder by the Independent Shareholders by way of poll at the EGM. First Prospect, Barton, Ms. Chiu, Mr. Yau, Resources Rich, their respective associates and parties acting in concert will abstain from voting on the relevant resolution(s) at the EGM.

As at the date of this joint announcement, First Prospect, its associates and parties acting in concert it, and Barton, its associates and parties acting in concert with it hold 172,902,000 Shares and 24,240,000 Shares, representing approximately 63.64% and 8.92% of the existing issued Shares respectively.

### Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to make a recommendation to the Independent Shareholders regarding the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals, the Listco Offers and the respective transactions contemplated thereunder.

## **The Circular and appointment of the independent financial adviser pursuant to Rule 2.1 of the Takeovers Code**

The Circular, which will contain, among other things, details of the Group Reorganisation, the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals and financial information on each of the Group and the Privateco Group, pro forma financial information of the Remaining Group, the letter of recommendation from the Independent Board Committee and the letter of advice from the joint independent financial advisers to the Independent Board Committee and the Independent Shareholders regarding the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals and the respective transactions contemplated thereunder and a notice convening the EGM is expected to be despatched to the Shareholders on or no later than 30 September 2011.

Messis Capital Limited and Veda Capital Limited have been appointed as the joint independent financial advisers to advise the Independent Board Committee and the Independent Shareholders in relation to the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals, the Listco Offers and the respective transactions contemplated thereunder (where appropriate). The appointment of Messis Capital Limited and Veda Capital Limited has been approved by the Independent Board Committee.

The advice of Messis Capital Limited and Veda Capital Limited and the recommendation of the Independent Board Committee in respect of the Listco Offers, in particular, as to whether the Listco Offers are, or are not, fair and reasonable and as to its acceptance, will be included in the Listco Offer Document.

As at the date of this joint announcement, Privateco has not been incorporated and the board of directors of Privateco has not been established. An independent financial adviser will be appointed as the independent financial adviser to advise the independent Privateco Shareholders, in particular, as to whether the Privateco Offer is, or is not, fair and reasonable and as to its acceptance. The advices and recommendations of the independent financial adviser in respect of the Privateco Offer will be included in the Privateco Offer Document. Further announcement(s) will be made in respect of, among others, the independent committee of the board and the independent advice, to comply with Rule 2 of the Takeovers Code as and when necessary.

## **Waiver of Rule 8.2 of the Takeovers Code**

In accordance with Rule 8.2 of the Takeovers Code, both the Listco Offer Document and the Privateco Offer Document are required to be posted by or on behalf of Resources Rich and First Prospect respectively within 21 days of the date of this joint announcement. However, as there are pre-conditions, i.e. Share Sale Completion and the completion of the Distribution In Specie, to the making of the Listco Offers and the Privateco Offer respectively, application will be made by Resources Rich and First Prospect for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Listco Offer Document and the Privateco Offer Document to within seven days of the fulfillment of such pre-conditions (i.e. Share Sale Completion and the completion of the Distribution In Specie).

## **Dealings disclosure**

The associates (as defined in the Takeovers Code) of the Company, Privateco, Barton, First Prospect, Ms. Chiu, Mr. Yau and Resources Rich (including their respective shareholders having interests of more than 5% of the relevant securities) are reminded to disclose their dealings in the relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) under Rule 22 of the Takeovers Code.

## **Responsibilities of stockbrokers, banks and other intermediaries**

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other person themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that the stockbrokers and other intermediaries will supply the Executive with the relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **Suspension and resumption of trading in the Shares**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 September 2011 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 9 September 2011.

## **Warning**

**AS THE LISTCO OFFERS AND THE PRIVATECO OFFER WILL ONLY BE MADE AFTER SHARE SALE COMPLETION AND THE COMPLETION OF THE DISTRIBUTION IN SPECIE, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, EACH OF THE LISTCO OFFERS AND THE PRIVATECO OFFER MAY OR MAY NOT PROCEED AND ARE THEREFORE POSSIBILITIES ONLY. INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.**

## DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this joint announcement:

“acting in concert”	has the meaning defined in the Takeover Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Barton”	Barton Company Limited, a company incorporated in the BVI with limited liability which is wholly owned by Mr. Yau as at the date of this joint announcement
“Board”	the board of Directors
“Business Day”	means a day (excluding a Saturday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“BVI”	the British Virgin Islands
“Circular”	a circular of the Company in relation to, inter alia, the Group Reorganisation, the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals and the respective transactions contemplated thereunder to be despatched to the Shareholders
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Noble Jewelry Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion Accounts”	the unaudited consolidated statement of financial position of the Remaining Group as at the date of Share Sale Completion (immediately after completion of the Distribution) and the unaudited consolidated statement of comprehensive income of the Remaining Group for the period commencing from 1 April 2011 and ending on the date of Share Sale Completion (immediately after completion of the Distribution)
“Director(s)”	the director(s) of the Company from time to time
“Distributed Businesses”	all businesses of the Group, other than the Remaining Businesses, carried on by the Privateco Group
“Distribution In Specie”	the distribution in specie of the Privateco Shares by the Company to the Shareholders as described in section headed “Distribution In Specie” of this joint announcement

“Dormitory Lease Agreement”	the lease agreement to be entered into between Guangzhou Sinoble (as landlord) and Guangzhou Yizuan (as tenant) in respect of the leasing of a staff dormitory, which is owned by Guangzhou Sinoble and currently leased to the staff of the Privateco Group, pursuant to the Group Reorganisation
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the resolution(s) in respect of the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals and the respective transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“First Prospect”	First Prospect Holdings Limited, a company incorporated in the BVI with limited liability which is wholly owned by Mr. Chan as at the date of this joint announcement
“Group”	the Company and its subsidiaries as at the date of this joint announcement
“Group Reorganisation”	the proposed reorganisation of the Group, details of which are set out in the section headed “Group Reorganisation” in this joint announcement
“Guangzhou Sinoble”	廣州億恒珠寶有限公司 (translated as Guangzhou Sinoble Jewelry Limited), a company established in the PRC and a member of the Remaining Group
“Guangzhou Sinoble Lease Agreement”	the lease agreement to be entered into between Guangzhou Sinoble and Italina, which is beneficially wholly owned by Mr. Yau, in respect of the leasing of the premises situated at Shawan Town, Pan Yu, Guangzhou, the PRC by the Remaining Group pursuant to the Group Reorganisation
“Guangzhou Yizuan”	廣州市億鑽珠寶有限公司 (translated as Guangzhou Yizuan Jewelry Co., Ltd.), a company established in the PRC and a member of the Privateco Group
“Guangzhou Yizuan Lease Agreement”	the lease agreement to be entered into between Guangzhou Yizuan and Italina, which is beneficially wholly owned by Mr. Yau, in respect of the leasing of the premises situated at Shawan Town, Pan Yu, Guangzhou, the PRC by the Remaining Group pursuant to the Group Reorganisation
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang, established for the purpose of advising the Independent Shareholders in respect of the Distribution In Specie, the Special Deals, the Listco Offers and the respective transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than First Prospect, Barton, Ms. Chiu, Mr. Yau, Resources Rich and their respective associates and parties acting in concert
“Investec”	Investec Capital Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the financial adviser to First Prospect
“Italina”	伊泰蓮娜(廣州)首飾有限公司 (translated as Italina (Guangzhou) Jewelry Co., Ltd.), a company established in the PRC and beneficially wholly owned by Mr. Yau
“Last Trading Day”	31 August 2011, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of this joint announcement
“Listco Offer Document”	the offer and response document (in either composite or separate form) together with (i) the form of acceptance and transfer and (ii) the form of acceptance of cancellation to be despatched to the Shareholders pursuant to the Listco Offers
“Listco Offers”	the Listco Share Offer and the Listco Option Offer
“Listco Option Offer”	the unconditional mandatory cash offer to be made by Optima Capital on behalf of Resources Rich to cancel the outstanding Share Options
“Listco Share Offer”	the unconditional mandatory cash offer to be made by Optima Capital on behalf of Resources Rich to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2011 (or such other date as the Vendors and Resources Rich may agree in writing)
“Mr. Chan”	Mr. Chan Yuen Hing, an executive Director and the controlling Shareholder as at the date of this joint announcement, being the guarantor of First Prospect and Ms. Chiu, two of the vendors of the Sale Shares under the Share Sale Agreement

“Mr. Yau”	Mr. Yau Siu Ying John, who owns the entire issued share capital of Barton, being one of the Vendors of the Sale Shares and also the guarantor of Barton under the Share Sale Agreement
“Ms. Chiu”	Ms. Chiu Nga Fong Marisa, being the spouse of Mr. Chan and one of the Vendors of the Sale Shares under the Share Sale Agreement
“Optima Capital”	Optima Capital Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to Resources Rich
“Option Share(s)”	2,110,000 new Shares to be issued upon exercise of the outstanding Share Options with an exercise price of HK\$1.27 per Share
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Entities”	上海億炫珠寶有限公司 (translated as Shanghai Yixuan Jewelry Limited), 廣州穗富珠寶有限公司 (translated as Guangzhou Huifu Jewelry Limited), 山東嘉億珠寶有限公司 (translated as Shangdong Jiayi Jewelry Limited), 上海城隍珠寶有限公司 (translated as Shanghai Chenghuang Jewelry Limited) and 杭州城隍珠寶有限公司 (translated as Hangzhou Chenghuang Jewelry Limited), 100%, 51%, 30%, 20% and 33% equity interests of which are attributed to the Group respectively as at the date of this joint announcement
“Privateco”	a company to be incorporated in Bermuda with limited liability pursuant to the Group Reorganisation for the purpose of holding the Distributed Businesses and a wholly-owned subsidiary of the Company immediately prior to completion of the Distribution In Specie
“Privateco Group”	Privateco and its subsidiaries
“Privateco Offer”	the unconditional voluntary cash offer to be made by Investec on behalf of First Prospect to acquire all the Privateco Shares (other than those owned or agreed to be acquired by First Prospect and parties acting in concert with it)
“Privateco Offer Document”	the offer and response document (in either composite or separate form) and the form of acceptance and transfer to be despatched to the Privateco Shareholders pursuant to the Privateco Offer
“Privateco Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Privateco
“Privateco Shareholder(s)”	holder(s) of the Privateco Shares
“Record Date”	a date to be fixed for determining entitlements of the Shareholders to the Distribution In Specie, which shall be a date falling before the date of Share Sale Completion

“Remaining Businesses”	the Group’s business of jewelry manufacturing and wholesale operation in the PRC after the Group Reorganisation and the Distribution In Specie
“Remaining Group”	the Company, Remaining Holdco and the Remaining Group Entities upon completion of the Group Reorganisation and the Distribution In Specie
“Remaining Group Entities”	Sinoble Jewelry Limited, Trendy Jewelry Limited (in the process of deregistration under section 291AA of the Companies Ordinance (Cap. 32, Laws of Hong Kong)) and Guangzhou Sinoble
“Remaining Holdco”	First Corporate International Limited, a company incorporated in the BVI with limited liability
“Report”	the report to be provided by an independent accountant to be engaged jointly by First Prospect and Resources Rich to review the Completion Accounts
“Resources Rich”	Resources Rich Capital Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	the aggregate interest of 197,142,000 Shares held by the Vendors as at the date of the Share Sale Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Share Charge”	a share charge executed by First Prospect in favor of Resources Rich in relation to the 172,900,000 Sale Shares owned by First Prospect to secure repayment of the Refundable Deposit paid by Resources Rich to First Prospect under the Share Sale Agreement
“Share Option(s)”	option(s) granted under the share option scheme of the Company adopted on 26 February 2007
“Share Premium and Reserve Application”	the application the entire amount standing to the credit of the share premium account of the Company from time to time for the implementation of part of the Distribution In Specie
“Share Sale Agreement”	the agreement dated 7 September 2011 entered into among the Vendors, Resources Rich and Mr. Chan in respect of the acquisition by Resources Rich of the Sale Shares
“Share Sale Completion”	completion of the Share Sale Agreement

“Special Deals”	collectively, the Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement, which will constitute special deals for the Company under Rule 25 of the Takeovers Code
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Codes”	Hong Kong Code on Takeovers and Mergers
“Vendors”	First Prospect, Barton, Ms. Chiu and Mr. Yau, being the vendors of the Sale Shares pursuant to the Share Sale Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the board of  
**Resources Rich  
Capital Limited**  
**Mr. Hu Yangjun**  
*Director*

By order of the board of  
**Noble Jewelry  
Holdings Limited**  
**Mr. Chan Yuen Hing**  
*Director*

By order of the board of  
**First Prospect  
Holdings Limited**  
**Mr. Chan Yuen Hing**  
*Director*

Hong Kong, 8 September 2011

*As at the date of this joint announcement, the Board comprises six executive directors, namely Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Lai Wang, Mr. Setiawan Tan Budi and Mr. Tsang Wing Ki and three independent non-executive Directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Resources Rich and the Vendors) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the board of directors of First Prospect comprises one director, namely Mr. Chan.*

*The sole director of First Prospect accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Resources Rich and the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the board of directors of Resources Rich comprises two directors, namely Mr. Hu Yangjun and Mr. Hu Yishi.*

*The directors of Resources Rich jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Vendors and the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The English text of this joint announcement shall prevail over its Chinese text.*